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NSC BRIEFING

26 February 1957

COMMUNIST CHINA

- I. Communist authority on mainland unchallenged, except for Tibetan resistance.
- II. Control supported by ability to support very large army.
- III. Internal order contributing to rapid economic advance.
 - A. GNP growth rate 8%, highest in Asia except for Japan.
 - B. Railroad mileage now 17,600, up from 14,000 in 1949.
 - C. Steady dwindling of private enterprise.
 - 1. 80% of farmers now in collectives
 - 2. Private industry and commerce virtually eliminated.
- IV. Enhanced stature in international arena.
 - A. Recognized by 30 countries. Pro-Peiping UN vote 24 in 1956, twice that in 1955.
 - B. Selling line of "peaceful coexistence" and Asian-African unity against "US imperialism."
 - 1. "Liberate Taiwan" propaganda muffled in recent months.
 - 2. Aid "without strings" offered underdeveloped countries.
 - C. Increased prestige in bloc.
 - 1. Since 20th Party Congress, Peiping twice issued major doctrinal declarations.
 - 2. Stature further enhanced by Chou En-lai trip.
 - a. Chou partially successful in mediator role.
 - b. Agreement in principle with USSR but possibility of future divergence on practice.

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NSC BRIEFING

26 February 1957

COMMUNIST CHINA

- I. Chinese Communist authority over the mainland is as strong as ever. Unlike other bloc governments, the Peiping regime has suffered virtually no embarrassing after effects from its "liberalization" promises.
 - A. Mao Tse-tung remains unchallenged arbiter on questions of doctrine and policy.
 - B. Tibetan resistance is the principal exception to general picture of complete pacification of mainland by Communists.
- II. Peiping's control over the mainland has been favored by its ability to maintain one of the world's largest military establishments.
 - A. Its 2 1/2 million man army is the third largest in the world.
 - B. The 2,200 plane airforce is the fourth largest in the world. Nearly 90% of the fighters and almost two-thirds of the bombers are now jets.
- III. Internal order and aid from Soviet Union have contributed to rapid advance in Chinese economy.
 - A. Industrial growth since start 1st Five Year Plan in 1953 has been at annual average rate of 17%. Agricultural growth rate was only 3% yearly. GNP grew at 8% rate, highest in Asia with exception of Japan.

(Refer to chart for specifics showing marked increases in steel, coal, etc.)

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- B. Railroad mileage has shown steady advance; from 14,000 miles when Communists took over in 1949 to 17,600 at end of 1956.
1. Trans-Mongolian line, officially opened 1 January 1956, provided third link with USSR. (Graphic)
 2. Line to Amoy finished late last year and one to Foochow to be finished in few months sharply increase logistic capabilities in Taiwan Strait area.
 3. Wuhan bridge across Yangtze will be finished this year and remove chief bottleneck to north-south traffic.
 4. Trans-Sinkiang and branch to Tsaidam, to be completed probably by 1959, will provide fourth and shortest connection with Soviet Union and enable exploitation oil resources in Tsaidam and Sinkiang.
- C. Concomitant with industrial advance has been steady dwindling of private enterprise.
1. Last spring 50% of China's farmers were enrolled in collectives; before year's end figure was 80%.
 2. Private industry and commerce was virtually eliminated during the 1955-56 "upsurge" in socialization.
- D. Disorders in Eastern Europe have led some Chinese Communists to question past policy of sacrificing living standards to push rapid development of heavy industry. Official line rejects arguments of these doubters, but

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Peiping is nevertheless taking a breather this year before launching its 2nd Five Year Plan (1958-62).

1. Industrial output to increase only 6% this year as against 27% increase in 1956.
2. Investment in rail construction has been sharply pruned. Only 375 miles of new line will be built in 1957 as against 1,000 last year.

IV. With solid domestic achievements as base, the Chinese Communists have been able to enhance their stature in the international arena.

A. Four nations--Nepal, Egypt, Syria, and Lebanon--have recognized Peiping in the past 18 months, bringing total up to 30 countries or nearly one-third of all states in world.

1. The Chinese Communists have made comparable progress in the UN, where 1956 vote in favor of Red China membership was 24, twice that of previous year.
2. Peiping's principal desideratum at moment in relations with US is to get Dulles-Chou meeting in order to help give Chinese Communists better case for de facto recognition by US and correspondingly weaken morale of Chinese Nationalists.

B. Elsewhere Peiping is trying to sell line of "peaceful coexistence" and Asian-African unity against "US imperialism."

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1. "Liberate Taiwan" propaganda has been muffled in recent months.
2. The Chinese Communist aid "without strings" is being offered to underdeveloped countries.
 - a. Sino-Cambodian agreement negotiated in June 1956 provided for Chinese grant of over 22 million dollars.
 - b. Following October Chinese signed agreement granting Nepal over \$12 million.
 - c. Laos is now under pressure to accept Chinese Communist aid as condition for settlement of Pathet Lao issue.
3. "People's Diplomacy" is another favored weapon in Peiping's armory.
 - a. More than 5,000 visitors--almost a fourth Japanese--came to see "new China" last year.
 - b. Chinese Communist theatrical revues have received favorable press notices throughout Asia, Africa, and Latin America.
- C. The repercussions of de-Stalinization greatly increased the role and prestige of Communist China within the bloc.
 1. Since 20th Party Congress in Moscow, Peiping has twice issued major declarations on doctrinal issues.
 - a. On 4 April, Peiping indicated its belief that Moscow had gone too far in its repudiation of

Stalin. Recently Soviet spokesman came around to the Chinese position that a proper appraisal of Stalin should recognize his accomplishments as outweighing his defects.

b. Again on 29 December, Chinese responded to the East European turmoil by issuance of the first detailed pronouncement within bloc setting forth view of proper relationships among Communist nations.

- 1) This declaration followed earlier indications that the Chinese Communists were sympathetic to Satellite efforts to loosen Kremlin shackles.
- 2) After events in Hungary took the frightening turn they did, Peiping undertook to stress the overriding importance of bloc solidarity under Soviet leadership.
- 3) Peiping's formula calls for an avoidance of "big nation chauvinism" (an oblique criticism of past Soviet policy) and of "bourgeois nationalism" by the Satellites.

2. Peiping's stature within the bloc was further enhanced by Chou En-lai's flying visit to Moscow, Warsaw, and Budapest in January to heal the breach on Russia's European front.

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- a. Chou was partially successful in halting the estrangement of Poland from the Soviet Union. He got Gomulka's endorsement of "proletarian internationalism" but did not dispel Gomulka's reservations on certain points of Soviet policy.
- b. Chou's visit underlined Sino-Soviet agreement on the importance of "proletarian internationalism" and unity against the West as the proper formula for relations between Communist countries.
- c. The possibility of divergence with respect to application of the formula remains.

- 1) the Poles remain convinced of Peiping's sympathy for their position.

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